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: CIA-RDP90G01353R000400410004-3

EXECUTIVE SECRETARIAT

ROUTING SLIP

TO:

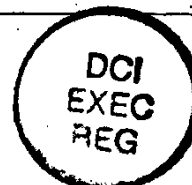
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8	DDS&T		X		
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10	GC				
11	IG				
12	Compt				
13	D/OCA				
14	D/PAO				
15	D/PERS				
16	D/Ex Staff				
17	C/ACIS/DI		X		
18	D/SOVA/DI		X		
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SUSPENSE

Date

Remarks

ER 3691x 88



*CHIR*

Executive Secretary

13 Sep 88

Date

3637 (10-81)

SECRETARIAT

ROUTING SLIP

TO:

		ACTION	INFO	DATE	INITIAL
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10	GC		X		
11	IG				
12	Compt		X		
13	D/OCA		X		
14	D/PAO				
15	D/PERS				
16	D/Ex Staff				
17	NIO/ECON		X		
18	D/OEA		X		
19					
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SUSPENSE		Date			

Remarks

Rec ER: 15 Sep 88

ER 88-3691X

DCI  
EXEC  
REG

B-504-1R

Executive Secretary

15 Sep 88

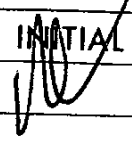
Date

3637 (10-81)

**SECRETARIAT**

**ROUTING SLIP**

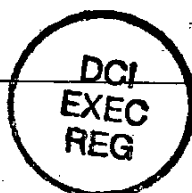
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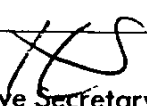
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7	DDO		X		
8	DDS&T		X		
9	Chm/NIC		X		
10	GC		X		
11	IG		X		
12	Compt		X		
13	D/OCA		X		
14	D/PAO				
15	D/PERS				
16	D/Ex Staff				
17	NIO/ECON		X		
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SUSPENSE		Date _____			

Remarks

Rec ER: 15 Sep 88

ER 88-3691X



  
Executive Secretary

15 Sep 88

Date

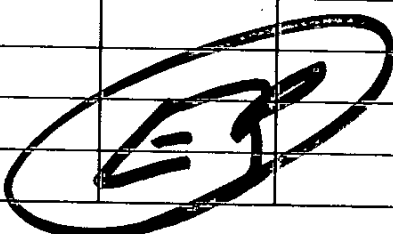
**3637** (10-81)

**SECRETARIAT**

**ROUTING SLIP**

TO:


		ACTION	INFO	DATE	INITIAL
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3	EXDIR		X		
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8	DDS&T		X		
9	Chm/NIC		X		
10	GC		X		
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12	Compt		X		
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15	D/PERS				
16	D/Ex Staff				
17	NIO/ECON		X		
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SUSPENSE		Date			



Remarks

Rec ER: 15 Sep 88

ER 88-3691X

  
Executive Secretary

15 Sep 88

Date

**3637** (10-81)

**THE WHITE HOUSE  
WASHINGTON**

CONFIDENTIAL

## CABINET AFFAIRS STAFFING MEMORANDUM

**Date:** Sept. 14, 1988 **Number:** 490,775 **Due By:** \_\_\_\_\_

**Subject:** Memorandum for the Economic Policy Council

	Action	FYI		Action	FYI
<b>ALL CABINET MEMBERS</b>	<input type="checkbox"/>	<input type="checkbox"/>	<b>CEQ</b>	<input type="checkbox"/>	<input type="checkbox"/>
Vice President	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>OSTP</b>	<input type="checkbox"/>	<input type="checkbox"/>
State	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Treasury	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Justice	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Powell</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commerce	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Cribb</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Labor	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Bauer</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	<b>Dawson (For WH Staffing)</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Staff	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>Executive Secretary for:</b>		
USTR	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>DPC</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CEA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<b>EPC</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>CIA</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
EPA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
GSA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
NASA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
OPM	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
SBA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
VA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

The attached memorandum, from William J. Maroni, is concerning the Presidential Decision on the Use of Chinese Space Launch Services for U.S. Satellites



**RETURN TO:**

☐ Nancy J. Risque  
Cabinet Secretary  
456-2823  
(Ground Floor, West Wing)

☐ Associate Director  
Office of Cabinet Affairs  
456-2800  
(Room 235, OE08)

*B-504-15*

THE WHITE HOUSE

WASHINGTON

September 14, 1988

MEMORANDUM FOR THE ECONOMIC POLICY COUNCIL

FROM: WILLIAM J. MARONI *WJM*  
SUBJECT: Presidential Decision on the Use of Chinese Space  
Launch Services for U.S. Satellites

On Wednesday, September 7, 1988 the Economic Policy Council met to consider two pending export license applications for U.S. satellites to be launched on China's "Long March" family of rockets. Following the Council's deliberations, recommendations from the EPC and the National Security Council were presented to the President.

The attached memorandum from the EPC's acting chairman pro tempore, Peter McPherson, communicates the President's decision with respect to this matter. The President's decision was conveyed to the Congress, the People's Republic of China (PRC), and the license applicants by the Department of State.

Minutes for the September 7 meeting will be distributed to Council members at the end of this week. Should you have any questions concerning this issue, please contact my office.

CONFIDENTIAL ATTACHMENT

~~CONFIDENTIAL~~

## THE WHITE HOUSE

WASHINGTON

September 14, 1988

## MEMORANDUM FOR THE ECONOMIC POLICY COUNCIL

SUBJECT: Presidential Decision on access to Chinese Boosters

Pursuant to the deliberations of the Economic Policy Council on Wednesday, September 7, and the subsequent advice from the EPC and the NSC on the issue of export licenses for certain U.S. satellites, the President has decided to direct the State Department to notify Congress of his intention to approve the two pending export license applications for commercial communications satellites to be launched on the People's Republic of China (PRC) rockets provided that the PRC government meets the following three preconditions through written agreements:

- 1) U.S.-PRC agreement on adequate technology transfer safeguards;
- 2) U.S.-PRC agreement establishing the liability responsibilities of the Chinese government; and
- 3) U.S.-PRC agreement to protect the U.S. commercial launch industry from future unfair Chinese pricing or trade practices relating to launch competition.

Final issuance of the export licenses is subject to the concurrence of the Congress during the 30 days following notification of the President's intention, concurrence of COCOM and satisfactory conclusion of formal agreements on the three issues stated above.

As a result of this decision, the U.S. Trade Representative, working through the interagency process, will begin efforts to prepare for and initiate negotiations with the PRC on precondition 3. (The State Department will simultaneously be commencing discussions with PRC officials on preconditions 1 and 2.)

In addition, the President reaffirmed the Administration's policy of promoting and encouraging a strong U.S. commercial launch industry. The President also decided that, as a matter of policy, the U.S. Government will continue its case-by-case approach to decisions on future export license requests for satellites destined for the PRC.

~~CONFIDENTIAL~~

Declassify on: OADR



M. Peter McPherson  
Acting Chairman Pro Tempore



## ROUTING AND RECORD SHEET

SUBJECT: (Optional)

September 7 Meeting of the Economic Policy Council  
Export Licenses for Satellites to China

FROM

Deane E. Hoffmann  
NIO/Economics

EXTENSION

NO.

NIC 03030-88

DATE

8 September 1988

STAT

TO: (Officer designation, room number, and building)

DATE

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FORWARDED

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INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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Executive Registry

08 SEP 1988

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Executive Assistant/DCI

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**THE WHITE HOUSE**

**WASHINGTON**

**ECONOMIC POLICY COUNCIL**

**Wednesday, September 7, 1988**

**2:00 p.m.**

**Roosevelt Room**

**AGENDA**

- |                         |    |                         |
|-------------------------|----|-------------------------|
| 1. Export Licenses      | -- | Deputy Secretary Tuttle |
| For Satellites To China |    |                         |

September 7, 1988

PARTICIPANTS

Acting Secretary McPherson, Acting Chairman Pro Tempore

Secretary Burnley  
Director Miller  
Ambassador Yeutter  
Deputy Secretary Whitehead  
(Representing Secretary Shultz)  
Deputy Secretary Taft  
(Representing Secretary Carlucci)  
Deputy Secretary Tuttle  
(Representing Secretary Verity)  
Deputy Secretary Whitfield  
(Representing Secretary McLaughlin)

Gary L. Bauer, Assistant to the President for Policy Development  
Nancy J. Risque, Assistant to the President and Cabinet Secretary  
William J. Maroni, Executive Secretary

Additional Attendees

Colin Powell, Assistant to the President for National Security  
Affairs  
John C. Tuck, Assistant to the President and Director of the  
Office of the Chief of Staff  
David S. Addington, Deputy Assistant to the President for  
Legislative Affairs  
Phillip D. Brady, Deputy Counsel to the President  
Rebecca Range, Deputy Assistant to the President and Director of  
the Office of Public Liason  
Leslie A. Arsht, Special Assistant to the President and Deputy  
Press Secretary  
Marion C. Blakey, Special Assistant to the President and Director  
of Public Affairs  
Dr. William Graham, Science Advisor to the President and Director  
of the Office of Science and Technology Policy  
Thomas G. Moore, Member, Council of Economic Advisers  
Charles Greenleaf, Deputy Chief of Staff to the Vice President

Deane Hoffmann, National Intelligence Officer for Economics, CIA  
Dale Myers, Deputy Administrator, NASA

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Executive Registry

88-3434X

## THE WHITE HOUSE

WASHINGTON

September 2, 1988

## MEMORANDUM FOR THE ECONOMIC POLICY COUNCIL

FROM: WILLIAM J. MARONI *WJM*

SUBJECT: Agenda and Paper for the September 7 Council Meeting

The Economic Policy Council will meet on Wednesday, September 7, 1988 at 2:00 p.m. in the Roosevelt Room. The single agenda item is the issue of two pending license applications for export of U.S. communications satellites to be launched on the Chinese "Long March" vehicles.

Background:

The issue in question arose as a result of two foreign consortiums (AUSSAT and ASIASAT) contracting with Hughes Aircraft to supply them with three satellites (two for AUSSAT; one for ASIASAT). These consortiums have also contracted with the PRC to use China's "Long March" family of rockets to place the satellites into orbit. As a result, Hughes Aircraft, the satellite manufacturer, has applied for export licenses for the Chinese launches. According to the international traffic in arms regulations, and the Arms Export Control Act, necessary assurances must be obtained that there are no technology transfer or other national security problems involved before a license is issued.

Three working groups were tasked in mid-July to address specific areas of this problem: SIG-Space (national security and foreign policy), SIG-Technology Transfer (technology transfer), and the EPC's Commercial Space Working Group (economic and trade implications). After numerous separate meetings, joint SIG-Commercial Space Working Group meetings were held on August 31 and September 2, 1988. The attached classified paper and recommendations are the work product of the three working groups. The Senior Interagency Groups on Space and on Technology Transfer determined that there are no technology transfer problems from a national security concern with respect to the two export license applications, if certain safeguards are imposed. Further, both the SIG working groups and the EPC's Commercial Space Working Group determined that a viable domestic launch industry is in the national interest.

CONFIDENTIAL

**EPC Decision:**

The principal question before the Economic Policy Council is do these specific export license applications affect the viability of the U.S. launch industry. The EPC must first decide whether to recommend approval of the export licenses, or to recommend denial of any export license as a matter of policy.

Second, if the Council believes export license applications should be approved, a determination must be made as to what preconditions must be met by the Chinese. All agencies that favor recommending approval of the export license applications agree that at least two preconditions must be met concerning the technology transfer safeguards and liability responsibilities. (In addition, all of these agencies agree that the United States should seek discussions with the Chinese on missile proliferation.)

There is a division among agencies as to whether a third precondition must exist before the pending export licenses could be granted. The third precondition would be a U.S.-PRC agreement to protect the U.S. launch industry from market disruption by unfair Chinese pricing or trade practices.

As a result there are three options proposed:

- 1) Recommend denial of the export license applications
- 2) Recommend that Congress be notified of our intention to approve the export license applications if the Chinese government meets the following three preconditions:
  - a) U.S.-PRC agreement on technology transfer safeguards;
  - b) U.S.-PRC agreement on liability responsibilities of the Chinese government; and,
  - c) U.S.-PRC agreement to protect the U.S. launch industry from future unfair Chinese pricing or trade practices on launch competition.
- 3) Recommend that Congress be notified of our intention to approve the export license applications if the Chinese government meets only preconditions a) and b) above.

Further, the United States will commence discussions with the Chinese government on safeguards to protect against market disruption of the U.S. launch industry, but there will be no deadline for such discussions.

**CONFIDENTIAL**

A Presidential decision is needed on the pending export license applications as soon as possible so that Congress can be notified of his determination. If the Administration intends to approve a license, a 30-day congressional notification period is required under the Arms Export Control Act. While there is no statutory requirement that Congress be in session during this 30-day period, most agencies believe that we should communicate the decision early enough so as to provide Congress with as much time as possible for consideration. If a decision is communicated this week and if Congress adjourns on October 8 as originally planned, the House and Senate will have nearly 30 days of "in session" time to take action, if they choose. If Congress takes no action within 30 days, the United States will then inform COCOM of its intention to approve the export licenses and seek COCOM concurrence.

CONFIDENTIAL

with

SECRET ATTACHMENT

CONFIDENTIAL



**ROUTING SLIP**

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3	EXDIR				
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14	D/PAO				
15	D/PERS				
16	D/Ex Staff				
17	NIO/ECON		X		
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*dy 5 sent*

Remarks

ER 88-3434X

Executive Secretary  
6 Sept '88

Date

**3637** (10-81)

**THE WHITE HOUSE  
WASHINGTON**

**CABINET AFFAIRS STAFFING MEMORANDUM**

**Date:** 9/6/88 **Number:** 490,774 **Due By:** -----

**Subject:** Economic Policy Council Meeting -- Wednesday, September 7, 1988  
2:00 p.m. -- Roosevelt Room

ALL CABINET MEMBERS	Action	FYI		Action	FYI
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State	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OSTP	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Treasury	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Defense	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Justice	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Interior	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Agriculture	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Powell	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Commerce	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cribb	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Labor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Bauer	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HHS	<input type="checkbox"/>	<input type="checkbox"/>	Dawson (For WH Staffing)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
HUD	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Education	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
Chief of Staff	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
OMB	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
UN	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
USTR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Executive Secretary for:		
CEA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	DPC	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>CIA</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	EPC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EPA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
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NASA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
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VA	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

**REMARKS:**

The Economic Policy Council will meet on Wednesday, September 7, 1988, at 2:00 p.m. in the Roosevelt Room. Attached are the background materials for your review.

**RETURN TO:**

☒ Nancy J. Risque  
 Cabinet Secretary  
 456-2823  
 (Ground Floor, West Wing)

☐ Associate Director  
 Office of Cabinet Affairs  
 456-2800  
 (Room 235, OE08)



*R-504-IR*

Executive Registry


88-3434X

## THE WHITE HOUSE

WASHINGTON

September 2, 1988

## MEMORANDUM FOR THE ECONOMIC POLICY COUNCIL

FROM: WILLIAM J. MARONI 

SUBJECT: Agenda and Paper for the September 7 Council Meeting

The Economic Policy Council will meet on Wednesday, September 7, 1988 at 2:00 p.m. in the Roosevelt Room. The single agenda item is the issue of two pending license applications for export of U.S. communications satellites to be launched on the Chinese "Long March" vehicles.

Background:

The issue in question arose as a result of two foreign consortiums (AUSSAT and ASIASAT) contracting with Hughes Aircraft to supply them with three satellites (two for AUSSAT; one for ASIASAT). These consortiums have also contracted with the PRC to use China's "Long March" family of rockets to place the satellites into orbit. As a result, Hughes Aircraft, the satellite manufacturer, has applied for export licenses for the Chinese launches. According to the international traffic in arms regulations, and the Arms Export Control Act, necessary assurances must be obtained that there are no technology transfer or other national security problems involved before a license is issued.

Three working groups were tasked in mid-July to address specific areas of this problem: SIG-Space (national security and foreign policy), SIG-Technology Transfer (technology transfer), and the EPC's Commercial Space Working Group (economic and trade implications). After numerous separate meetings, joint SIG-Commercial Space Working Group meetings were held on August 31 and September 2, 1988. The attached classified paper and recommendations are the work product of the three working groups. The Senior Interagency Groups on Space and on Technology Transfer determined that there are no technology transfer problems from a national security concern with respect to the two export license applications, if certain safeguards are imposed. Further, both the SIG working groups and the EPC's Commercial Space Working Group determined that a viable domestic launch industry is in the national interest.

CONFIDENTIAL

EPC Decision:

The principal question before the Economic Policy Council is do these specific export license applications affect the viability of the U.S. launch industry. The EPC must first decide whether to recommend approval of the export licenses, or to recommend denial of any export license as a matter of policy.

Second, if the Council believes export license applications should be approved, a determination must be made as to what preconditions must be met by the Chinese. All agencies that favor recommending approval of the export license applications agree that at least two preconditions must be met concerning the technology transfer safeguards and liability responsibilities. (In addition, all of these agencies agree that the United States should seek discussions with the Chinese on missile proliferation.)

There is a division among agencies as to whether a third precondition must exist before the pending export licenses could be granted. The third precondition would be a U.S.-PRC agreement to protect the U.S. launch industry from market disruption by unfair Chinese pricing or trade practices.

As a result there are three options proposed:

- 1) Recommend denial of the export license applications
- 2) Recommend that Congress be notified of our intention to approve the export license applications if the Chinese government meets the following three preconditions:
  - a) U.S.-PRC agreement on technology transfer safeguards;
  - b) U.S.-PRC agreement on liability responsibilities of the Chinese government; and,
  - c) U.S.-PRC agreement to protect the U.S. launch industry from future unfair Chinese pricing or trade practices on launch competition.
- 3) Recommend that Congress be notified of our intention to approve the export license applications if the Chinese government meets only preconditions a) and b) above.

Further, the United States will commence discussions with the Chinese government on safeguards to protect against market disruption of the U.S. launch industry, but there will be no deadline for such discussions.

CONFIDENTIAL

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CONFIDENTIAL

with

SECRET ATTACHMENT

CONFIDENTIAL

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